

House District 44

Senate District 21

THE TWENTY- FOURTH LEGISLATURE  
HAWAII STATE LEGISLATURE  
APPLICATION FOR GRANTS & SUBSIDIES  
CHAPTER 42F, HAWAII REVISED STATUTES

Log No: 100-C

For Legislature's Use Only

Type of Grant or Subsidy Request:

☐ GRANT REQUEST - OPERATING

☒ GRANT REQUEST - CAPITAL

☐ SUBSIDY REQUEST

"Grant" means an award of state funds by the legislature, by an appropriation to a specified recipient, to support the activities of the recipient and permit the community to benefit from those activities.

"Subsidy" means an award of state funds by the legislature, by an appropriation to a recipient specified in the appropriation, to reduce the costs incurred by the organization or individual in providing a service available to some or all members of the public.

"Recipient" means any organization or person receiving a grant or subsidy.

STATE DEPARTMENT OR AGENCY RELATED TO THIS REQUEST (LEAVE BLANK IF UNKNOWN):

HHFDC (HOUSING)

STATE PROGRAM I.D. NO. (LEAVE BLANK IF UNKNOWN):

1. APPLICANT INFORMATION:

Legal Name of Requesting Organization or Individual:  
Hawaiian Community Development Board  
Dba:

Street Address: 1188 Bishop St., Ste. 909  
Honolulu, HI 96813

Mailing Address: Same

2. CONTACT PERSON FOR MATTERS INVOLVING THIS APPLICATION:

Name KALI WATSON

Title Project Manager

Phone # 808-529-0404

Fax # 531-5315

e-mail kali.watson@hawaiiantel.net

3. TYPE OF BUSINESS ENTITY:

- ☒ NON PROFIT CORPORATION  
☐ FOR PROFIT CORPORATION  
☐ LIMITED LIABILITY COMPANY  
☐ SOLE PROPRIETORSHIP/INDIVIDUAL

4. FEDERAL TAX ID #: [REDACTED]

5. STATE TAX ID #: [REDACTED]

6. SSN (IF AN INDIVIDUAL): [REDACTED]

7. DESCRIPTIVE TITLE OF APPLICANT'S REQUEST:

HALE MAKANA O NANAKULI "CRITICAL NEED" RENTAL HOUSING PROJECT

8. FISCAL YEARS AND AMOUNT OF STATE FUNDS REQUESTED:

FY 2008-2009 \$ 2,663,411

9. STATUS OF SERVICE DESCRIBED IN THIS REQUEST:

- ☒ NEW SERVICE (PRESENTLY DOES NOT EXIST)  
☐ EXISTING SERVICE (PRESENTLY IN OPERATION)

SPECIFY THE AMOUNT BY SOURCES OF FUNDS AVAILABLE AT THE TIME OF THIS REQUEST:

STATE \$ 3,000,000

FEDERAL \$                     

COUNTY \$                     

PRIVATE/OTHER \$                     

TYPE NAME & TITLE OF AUTHORIZED REPRESENTATIVE:

AUTHORIZED SIGNATURE

KALI WATSON, EXECUTIVE DIRECTOR

NAME & TITLE

1-23-08

DATE SIGNED

**Hawaiian Community Development Board  
HALE MAKANA O NANAKULI  
Critical Need Rental Housing Project**

**APPLICATION FOR GRANTS AND SUBSIDIES**

**I. Background and Summary**

**1. Brief Description of Applicant's Background**

Hawaiian Community Development Board (HCDB) is a community-based non-profit development agency incorporated in 2000 with the express mission of facilitating affordable, suitable homeownership opportunities for Hawaiian Homestead beneficiaries. Under the leadership of Kali Watson, the former Director of the Department of Hawaiian Homelands (DHHL) and with the support and guidance of a dedicated, knowledgeable Board of Directors comprised of community leaders from throughout Hawaii, HCDB has developed an aggressive plan to provide homeownership opportunities for hundreds of Native Hawaiians over the next several years. Since its inception, HCDB has focused on addressing specific housing needs of "hard-to-serve", low-income Native Hawaiian families whose homeownership options are extremely limited. HCDB is currently completing the agency's first two housing development projects: 1) Kauhalepono Home Replacement Project – Demolition of 50 substandard houses on HHL lots in Nanakuli and new construction of 50 two, three and four bedroom homes; and 2) Kula Residential Hawaiian Homelands Project – Planning, financial assistance and construction management for new construction of 50 homes on HHL lots in Kula, Maui.

**2. Goals and Objectives**

The development of the Hale Makana O Nanakuli "critical need" rental housing project is a direct response to the State's emergency proclamation relative to the homeless crisis on Oahu's leeward coast. With the objective of providing appropriate long-term rental units at substantially below-market rents for Oahu's most needy families and seniors, this project is being expedited to provide the critical long term housing link in the continuum of care/transitional housing program currently being developed in Waianae with the State's strong support.

The primary goal for this project is to develop a debt-free housing project capable of maintaining rental rates that are affordable for Oahu's most needy families and seniors (30% - 50% AMI) in perpetuity, by funding the total development cost through a combination of public and private grants, low-interest loan funds and Low-income Housing Tax Credit (LIHTC) subsidies. The strategy for accomplishing this goal is directly linked to the secondary goal of expediting the development of this project to be completed within an 18-month period by:

- 1) Utilizing funding sources that are available for relatively quick release,
- 2) Minimizing pre-development time and expenses by taking advantage of existing information and resources (i.e. – market studies, building plans etc.); and
- 3) Streamlining administrative functions.

### 3. Public Purpose and Need to be served

The most stark evidence of the housing problem this project will help address is the staggering number of homeless families whose tents and blue-tarps are clearly visible all along the Waianae coastline. With current estimates reaching as high as 4,500 families, this represents such a crisis situation that Governor Lingle issued an Emergency Proclamation as a means of helping provide the resources that will be necessary to effectively address the serious problem.

With rental rates continuing to soar on Oahu, more and more low-income families (a disproportionate number of which are of Native Hawaiian ancestry) are faced with significant challenges in accessing and maintaining affordable housing and are at-risk of becoming homeless. With the current average monthly rent for a two-bedroom housing unit on Oahu of \$1,072 (2005), extremely low-income families (30% AMI) have very limited (albeit non-existent) housing options without some form of rental assistance subsidy. According to the C&C Honolulu ConPlan (2006-10) Oahu has an unmet need for at least 8,500 rental housing units for households earning 30% area median annual income. The waiting lists for subsidized public housing on Oahu includes 10,907 families with 30% AMI (7,772 families w/children; 1,884 elderly families) and the Section 8 Rental Assistance Wait List has 1,068 families with 30% AMI (890 families w/children; 261 Elderly families). On the Waianae coast, which at 21.9% has the highest poverty rate on Oahu, and where the largest concentrations of homeless families are currently located, rental housing that is affordable to extremely low income families is not available.

In addition to the established, "housed" residents of Nanakuli identified in Census 2000, the entire Waianae coast, which includes Nanakuli, has been impacted by the largest concentration of homeless families on Oahu, estimated at between 4,500 and 6,000 persons. A large number of these homeless families do not fit the standard mold for homelessness (i.e. substance abuse, mental health issues etc.), but according to local homeless service providers, are basically everyday people caught living too close to the financial edge during precarious economic times and an increasingly expensive housing market. In Oahu's current rental housing market, where the average family's housing cost exceeds 40% of their total household income and average rental rates for a 2 bedroom unit is over \$1075 per month, very-low income families are faced with extraordinary challenges in accessing and maintaining long-term rental housing. In the last few years, skyrocketing housing costs have resulted in decreases in the overall inventory of housing units available for long-term rental and government efforts to address the critical lack of affordable rental housing units have failed to keep pace with the housing needs of very low and low income Oahu families. As a result of this situation, increasingly large numbers of Oahu's "working poor" families (including a disproportionately high number of Native Hawaiians) are unable to maintain affordable, stable rental housing and become at risk of homelessness.

Based on recent field surveys, most of the families living in homeless campsites along Oahu's leeward coast are long-time Hawaii residents and many have family associations, connections and/or family history in the Waianae/Nanakuli area. Due to their financial circumstances and lack of appropriate stable housing, these families have become disconnected and disenfranchised from the established community. By providing long-term housing units at rental rates that are affordable to very-low income families at a central Nanakuli location, Hale Makana O Nanakuli will enable formerly homeless families to reestablish ties with the local community, reconnect to the local social and cultural support network and become responsible, permanent members of the Nanakuli community.

#### 4. Target population to be served

The specific "critical need" populations targeted by this project include: 1) Homeless families, with preference to families completing transitional housing programs and in need of long-term, permanent housing; 2) Low income seniors including seniors caring for grandchildren; and 3) Low income single parents with children. 50% of the housing units in this project will be affordable to households earning 30% of the area median annual income (Poverty Level) and 50% of the housing units will target households earning 50% of the area median annual income (Very Low Income), without the need for additional rental assistance subsidies such as Section 8.

#### 5. Geographic Coverage

Nanakuli is a Census-Designated Place (CDP) with a population of 10,814 residents and the Nanakuli Hawaiian Homestead Community is presently comprised of approximately 1,426 single family homes in which 1,325 Native Hawaiian families reside (Census, 2000). In addition to serving Nanakuli residents, this project will benefit residents of nearby leeward communities including Waianae, Lualualei and Ma'ili.

#### 6. Community Benefits

Oahu's homeless crisis is clearly the result of a rapidly escalating high-cost housing market that has failed to provide a sufficient inventory of appropriate rental housing for low and very-low income families. Local government limited efforts to address the critical lack of affordable rental housing units on Oahu have been unable to keep pace with the housing needs of a large segment of the local resident population and increasingly large numbers of Oahu's "working poor" families (including a disproportionately high number of Native Hawaiians) are unable to maintain affordable, stable rental housing and fall into homelessness.

By providing liveable, secure long-term rental housing in a central Nanakuli location with convenient access to community services, public transportation and retail centers, at rental rates that are affordable to families earning 30% - 50% AMI, the Hale Makana O Nanakuli project represents an integral component of the State's initiative to address the homeless/housing crisis on Oahu. Urgent action is necessary to begin addressing this situation and the strategy to expedite this project in order to accomplish the development within an 18 month period is an important element of this proposal.

Hale Makana O Nanakuli represents a model of the type of planning and funding strategy that is necessary to develop a sustainable, non-profit rental housing project that can maintain rental rates affordable to Oahu's extremely-low income families in perpetuity...a reasonably small-scale demonstration project showing what can be accomplished when public-private partnerships with no profit motive and no political agendas work together and "get serious" about directing the resources it takes to actually develop affordable rental housing for Oahu's most needy families (as opposed to studying and discussing them) and begin solving Oahu's critical housing problems.

## **II. EXPERIENCE AND CAPABILITIES**

### **A. Necessary Skills and Experience**

HCDB has assembled a team of highly qualified, experienced professionals with a mutual commitment to the objective of developing *truly* affordable rental housing for Oahu's most needy families, specifically to plan, implement and coordinate the Hale Makana O Nanakuli development project. Kali Watson, the Executive Director of HCDB and Project Manager for this project, is the former Director of the Department of Hawaiian Homelands (DHHL) and during his 4-year tenure, he was responsible for coordinating the development of over 3,100 residential lots (\$164.5 million) on Hawaiian Homelands. Kali has been at the forefront of Hawaiian issues for over 25 years and his background also includes Legal Counsel for Office of Hawaiian Affairs, Deputy Attorney General of State of Hawaii, Chairman of the Hawaiian Homes Commission, Chairman of Hawaii State Housing Directors and Administrators, and the 1999 O'o Award Winner for the Native Hawaiian Chamber of Commerce.

The development team has been specifically recruited for this project based on their knowledge and experience in the public housing and community development projects in Hawaii. Patti Barbee, who has extensive experience in all aspects of housing and community development focused on Native Hawaiians will be the Project Coordinator. As the Housing and Community Development Specialist/Supervisor at the Office of Hawaiian Affairs (OHA) for over ten (10) years, she was responsible for the design, implementation and coordination of OHA's Homeownership Program, a \$135,000,000 mortgage program customized for the needs of Native Hawaiians. Ms. Barbee has also served as a technical liaison and contract compliance specialist for several OHA development projects, developed funding models for and initiated self-help housing projects, designed and coordinated homeowner education workshops and conducted extensive market research and analysis into the housing needs of Native Hawaiian families throughout Hawaii. HCDB has also retained Mark Percell, former Deputy Director of Housing & Human Concerns for the County of Maui, who has extensive experience in planning, resource development and actual management of public housing and community development, will serve as the Planning and Fund Development Coordinator for this project. His experience includes coordinating the development of over 300 affordable housing units including 22 single family homes for low income families on Maui, and several large community development projects.

### **B. Quality Assurance and Evaluation**

The immediate success of this project will be evidenced by timely completion of the development within the projected budget. HCDB's strategy of retaining experienced, knowledgeable professionals specifically to plan and manage this development project ensures that the agency has adequate capacity to successfully carry out the project and facilitates a focused commitment by each member of the development team to complete the project effectively and efficiently. This strategy also helps to minimize administrative and staffing requirements for HCDB and reduce developer's overhead, which results in overall cost savings that impact the affordability of the project. Direct supervision and oversight of all construction activities will be maintained by the Project Manager, Project Coordinator and contracted Architects and Engineers to ensure that all work is completed in a satisfactory manner and in compliance with all applicable standards, codes, rules and requirements. The Project Manager will also be responsible for administering the project's finances to ensure compliance with all applicable accounting and reporting requirements of funds allocated to this project.

### C. Facilities

This project will comply with all applicable ADA accessibility requirements and be designed as a “family-friendly” long-term rental housing project. Hale Makana O Nanakuli will consist of five (5) two-story buildings with a total of 48 residential units and two service buildings (laundry facilities), situated on a 2.46 acre site located directly off the Farrington Highway in central Nanakuli on Oahu’s leeward coast. The unit mix of 8 three-bedroom/2bath units, 24 two-bedroom/1 bath units, 8 one-bedroom/1 bath units and 8 studios, reflects the “family” focus of the project

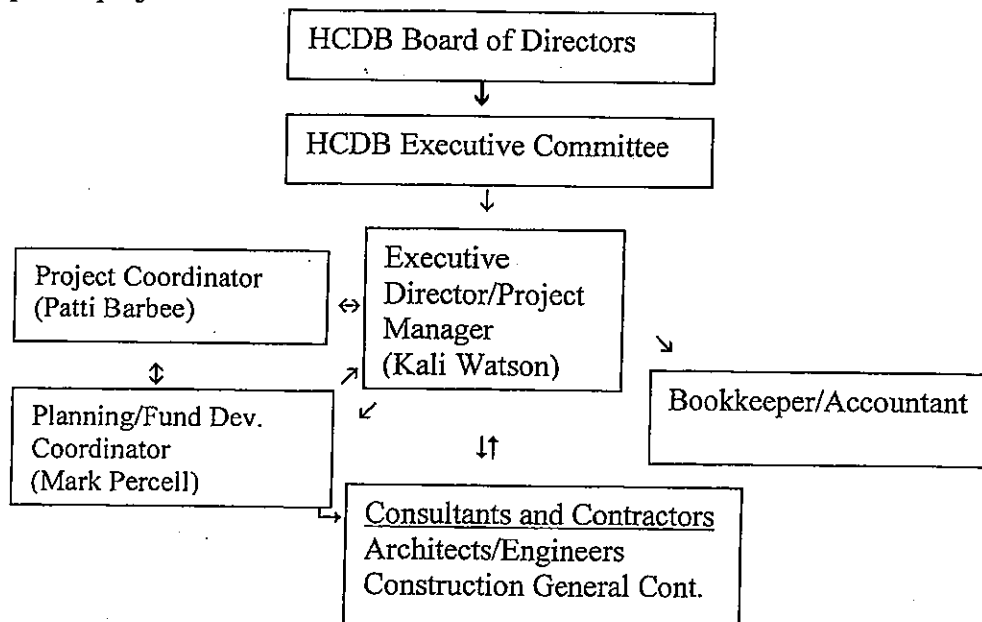
## III. PERSONNEL: PROJECT ORGANIZATION AND STAFFING

### A. Proposed Staffing, Staff Qualifications, Supervision and Training

HCDB has assembled a team of highly qualified, experienced professionals with a mutual commitment to the objective of developing *truly* affordable rental housing for Oahu’s most needy families, specifically to plan, implement and coordinate the Hale Makana O Nanakuli development project. This development team brings a combined total of over 50 years of experience in Hawaii’s public housing and community development field. Having worked together on past projects, the HCDB team has developed a tasking system that capitalizes on the respective experience and expertise of each member to accomplish each step of the development process in a timely, cost-effective manner. The core HCDB development team members include Kali Watson, Project Manager; Patti Barbee, Project Coordinator; and Mark Percell, Planning/Fund Development Coordinator. Please refer to Section II.A. Necessary Skills and Experience, and attached Resume’s for detailed information on qualifications and training.

### B. Organization Chart

The following chart illustrates the chain of authority for the planning and implementation of this development project:



#### IV. SERVICE SUMMARY AND OUTCOMES

##### A. Scope of work, tasks and responsibilities (Project Plan)

Hale Makana O Nanakuli will consist of five (5) two-story buildings with a total of 48 residential units and two service buildings (laundry facilities), situated on a 2.46 acre site located directly off the Farrington Highway in central Nanakuli on Oahu's leeward coast. The unit mix of 8 three-bedroom/2bath units, 24 two-bedroom/1 bath units, 8 one-bedroom/1 bath units and 8 studios, reflects the "family" focus of the project. The specific "critical need" populations targeted by this project include:

- 1) Homeless families, with preference to families completing transitional housing programs and in need of long-term, permanent housing;
- 2) Low income seniors including seniors caring for grandchildren; and
- 3) Low income single parents with children.

Hale Makana O Kanakuli has been designed with emphasis on families, including single parents with children and seniors caring for grandchildren. Of the 47 residential units that will be available for long-term rental, 24 are large two-bedroom units (824 s.f.), 8 are three-bedroom units large enough to accommodate 5-6 member families (950 s.f.) and 8 are moderate size one-bedroom units appropriate for single parents/seniors with 1 or 2 small children. The remaining 7 residential units will be studio apartments intended for single parents with 1 child or individuals living alone (including seniors). The project will consist of five (5) two-story, residential buildings with outside covered hallways leading to unit entrances to promote good air circulation in the units. A total of 10 ground floor units will be ADA accessible and all ground-floor units (total of 24) will be handicap adaptable. The building and unit design for this project is based on the award-winning Hale Makana O' Waiale affordable rental housing project on Maui, which has been in service now for nearly 10 years and proven to be model project in terms of providing appropriate, liveable long-term rental housing for low-income families.

The rent structure for this project is based solely on the amount of income required to sustain a minimal (but reasonable) annual operating budget over the long-term, so in practical terms this project represents a "baseline" model for the absolute minimum rents that can be charged and still sustain a non-profit rental housing project on Oahu over the long-term. The bottom line is 100% of the residential units in this project will be affordable to households earning 30% of the area median annual income (Poverty Level), without the need for additional rental assistance subsidies such as Section 8. Projected rents are as follows: 30% AMI Units (23 units)- Studio Units = \$373 per month; One-Bedroom Units = \$401 per month; Two-Bedroom Units = \$481 per month; and Three-Bedroom Units = \$556 per month; 50% AMI Units (24 units)- Two-Bedroom Units = \$838 per month; Three-Bedroom Units = \$968 per month (Note: All rents noted include utility allowance – electric, water, sewer).

The Hale Makana O Nanakuli "critical need" rental housing project is one component (Phase II) of a major Village Center development project that will also include a multi-purpose community cultural center, a Boys & Girls Club facility and a commercial/retail center. This \$70 million community project, which is the result of an intensive community-based planning initiative that lasted several years, will be developed in three phases over the next 5 to 7 years and serve as an exciting hub for cultural, health and social service, educational, recreational and economic development activities that will directly benefit the residents of Hale Makana O Nanakuli as well as other residents of Oahu's leeward coastal communities (Nanakuli, Waianae, Lualualei). When this project is completed, in addition to appropriate, liveable long-term rental housing, the residents of Hale Makana O Nanakuli will be the most direct beneficiaries of the resources, services and businesses located in the multi-faceted village center.

One of the major concerns for tenants of low-income housing projects, particularly those in high crime areas such as Nanakuli, is security. It is absolutely essential that families feel safe and secure in the place they live in order to maintain a healthy, positive home environment and all too often, without adequate security measures public housing projects become hotbeds of criminal activity. To address this concern, one ground floor studio unit at Hale Makana O Nanakuli will be designated for use as a Community Police Substation. This space will be provided to the Honolulu Police Department at no charge with the objective of establishing an onsite police presence that will deter criminal activities at the project and enhance overall project safety and security for the benefit of all project tenants, as well as owners and residents of neighboring properties. In addition to a fulltime police presence at the onsite Community Police Substation, the operating budget provides for contracted security as needed to further enhance the project's security coverage and ensure the safety of all project residents.

Upon completion of the development, HCDB will assist the Nanakuli Hawaiian Homestead Community Association (Project Owner/Site Lessee) in the selection of a qualified professional property management firm to be responsible for all administrative and management functions associated with the operation of the Hale Makana O Nanakuli rental housing project. Only firms and organizations with proven track records and current experience in successfully managing low-income public housing projects on the island of Oahu will be considered. Interested firms will be required to submit a comprehensive Management Plan proposal detailing its approach to rental housing management, policies and procedures and clearly demonstrating sufficient administrative and staffing capacity to effectively manage Hale Makana O Nanakuli in a manner that is consistent with community goals and standards, and compliant with all requirements, restrictions and/or conditions applicable to the project.

#### B. Timeline for Accomplishing Project

HCDB has established the aggressive goal of expediting the development of this project to be completed within an 18-month period. Success in attaining this goal is contingent upon HCDB's ability to access grant and loan funds that can be made available for prompt release and expenditure in a relatively short time period. HCDB is pursuing public grant funds through the Legislative Grant-in-Aid Program 2008-09, grant and loan funds from Rental Housing Trust Fund and additional subsidies through the Low Income Housing Tax Credit (LIHTC) Program. Private foundation grant funds (Harry & Jeanette Weinberg Foundation) have also been identified as a potential funding source for this project.



## **V. FINANCIAL**

All applicable SPO Budget Forms are attached. A detailed projected Development Budget for the *Hale Makana O Nanakuli Critical Need Rental Housing Project* is also included as Attachment "A".

## **VI. OTHER**

### **A. Litigation**

The Hawaiian Community Development Board (HCDB) is not currently involved in or party to any pending litigation or outstanding judgments.

### **B. Licensure or Accreditation**

Not applicable – HCDB is not required to possess any special credentials, licenses or accreditation in order to carry out this project.

# BUDGET REQUEST BY SOURCE OF FUNDS

(Period: July 1, 2008 to June 30, 2009)

Applicant: Hawaii Community Development Board

BUDGET CATEGORIES	Total State Funds Requested (a)	(b)	(c)	(d)
A. PERSONNEL COST				
1. Salaries				
2. Payroll Taxes & Assessments				
3. Fringe Benefits				
TOTAL PERSONNEL COST	0	0	0	0
B. OTHER CURRENT EXPENSES				
1. Airfare, Inter-Island				
2. Insurance				
3. Lease/Rental of Equipment				
4. Lease/Rental of Space				
5. Staff Training				
6. Supplies				
7. Telecommunication				
8. Utilities				
9				
10				
11				
12				
13				
14				
15				
16				
17				
18				
19				
20				
TOTAL OTHER CURRENT EXPENSES	0	0	0	0
C. EQUIPMENT PURCHASES	0	0	0	0
D. MOTOR VEHICLE PURCHASES	0	0	0	0
E. CAPITAL	2,663,411	3,000,000	7,325,527	908,777
<b>TOTAL (A+B+C+D+E)</b>	<b>2,663,411</b>	<b>3,000,000</b>	<b>7,325,527</b>	<b>908,777</b>
<b>SOURCES OF FUNDING</b>		Budget Prepared By:		
(a) Total State Funds Requested	2,663,411	Kali Watson 529-0404		
(b) Rental Housing Trust Fund	3,000,000	Name (Please type or print) Phone		
(c) Tax Credits (State & Fed)	7,325,527			
(d) HHFDC Loan Funds	908,777	Signature of Authorized Official Date		
<b>TOTAL REVENUE</b>	<b>13,897,715</b>	Kali Watson, Executive Director Name and Title (Please type or print)		

**DECLARATION STATEMENT  
APPLICANTS FOR GRANTS AND SUBSIDIES  
CHAPTER 42F, HAWAII REVISED STATUTES**

The undersigned authorized representative of the applicant acknowledges that said applicant meets and will comply with all of the following standards for the award of grants and subsidies pursuant to section 42F-103, Hawaii Revised Statutes:

- (1) Is licensed or accredited, in accordance with federal, state, or county statutes, rules, or ordinances, to conduct the activities or provide the services for which a grant or subsidy is awarded;
- (2) Comply with all applicable federal and state laws prohibiting discrimination against any person on the basis of race, color, national origin, religion, creed, sex, age, sexual orientation, or disability;
- (3) Agree not to use state funds for entertainment or lobbying activities; and
- (4) Allow the state agency to which funds for the grant or subsidy were appropriated for expenditure, legislative committees and their staff, and the auditor full access to their records, reports, files, and other related documents and information for purposes of monitoring, measuring the effectiveness, and assuring the proper expenditure of the grant or subsidy.

In addition, a grant or subsidy may be made to an organization only if the organization:


- (1) Is incorporated under the laws of the State; and
- (2) Has bylaws or policies that describe the manner in which the activities or services for which a grant or subsidy is awarded shall be conducted or provided.

Further, a grant or subsidy may be awarded to a non-profit organization only if the organization:

- (1) Has been determined and designated to be a non-profit organization by the Internal Revenue Service; and
- (2) Has a governing board whose members have no material conflict of interest and serve without compensation.

Further, the undersigned authorized representative certifies that this statement is true and correct to the best of the applicant's knowledge.

Hawaiian Community Development Board  
(Typed Name of Individual or Organization)

  
(Signature)

Kali Watson

(Typed Name)

Jan. 29, 2008  
(Date)

Executive Director  
(Title)